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## **Thailand**

**Post:** Bangkok

### **Weekly Rice Price Update**

**Report Categories:**

Grain and Feed

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**Report Highlights:**

**TH9110** Domestic and export prices declined by 3-5 percent as the Government will begin a series of stock releases next week. Despite a sharp contraction of domestic prices of white rice this week, prices of white rice will likely fluctuate as supplies of white rice paddy remain tight.

**General Information:**

**Indicative Prices (Week Ending Jul. 27):**

**Thailand: Export (FOB) Prices for various grades of rice (USD/MT)**

Quality	Exporter Observations							Period Average	
	#1	#2	#3	#4	#5	#6	#7	CUR.	PRV.
F WR 100 B	930	-	980	-	970	920	-	950	960
WR 100 B	590	-	600	-	580	580	600	590	608
PB 5%	590	-	640	-	590	605	620	609	630
WR 5%	560	-	580	-	560	550	590	568	591
WR 10%	550	-	-	-	550	540	-	547	573
WR 15%	515	-	-	-	-	515	-	515	538
WR 25%	455	-	-	-	-	460	-	458	475
WR 35%	-	-	-	-	-	-	-	-	-
A1 SUP	300	-	330	-	325	320	-	319	327
A1 SPEC	-	-	-	-	-	-	-	-	-

Exchange rate: 33.8 baht/US \$

Source: Average actual prices received from exporters

## Market Tone

Domestic and export prices declined 3-5 percent from the previous week as the Government will begin a series of stock release next week. On July 17, the National Rice Policy Committee agreed to release MY2008/09 intervention rice stocks of 763,920 tons, of which 300,000 tons are fragrant rice, and the balance is 5 percent grade white rice. Fragrant rice will be tendered first for both domestic and export market on August 6. The tender will be based on basis-bidding approach in the Agricultural Future Exchange of Thailand (AFET) for the delivery in September – November. The winners will be those who offer the highest premium or lowest discount from the future prices on the delivery dates. This tender will be a pilot project to stimulate rice future trading in AFET due to marginal trading volume since its first trading in 2007. The tender will likely benefit small-scale exporters, including domestic-oriented rice traders, packers, and millers, as each contract is set at 15 tons.

Despite a sharp contraction of domestic prices of white rice this week, prices of white rice will likely fluctuate over the next couple of weeks as supplies of white rice paddy remain tight following aggressive current MY2008/09 second-crop intervention program. Parboiled rice export demand remains strong as the removal of Indian rice export ban is reportedly postponed. Meanwhile, the stock release of white rice paddy is unlikely as most has been milled. Most of outstanding paddy stock is glutinous rice paddy.

As of July 27, the MY 2008/09 second-crop intervention program bought 4.9 million tons of paddy worth 54 billion baht (\$1.6 billion), of which 4.2 million tons are white rice paddy. By the end of the program (July 31), the Government is expected to buy 5.0

million tons out of the target of 6.0 million tons. According the latest National Rice Policy Committee meeting, the Price Insurance scheme will replace mortgage scheme in the new intervention program for MY2009/10 main crop, including fragrant rice and white rice paddy. The Ministry of Agriculture and Cooperatives is proposing to the National Rice Policy Committee this week the insured prices of 15,300 baht/ton (\$453/MT) for fragrant rice paddy and 10,000 baht/ton (\$296/MT) for white rice paddy, based on average production cost with profit margin of 30-40 percent. The eligible tonnage for each farmer will be limited to 16 tons, based on average farm sizes of 40 rai/farmer (6.4 hectares) with average yield of 400 kg./rai (2.5 tons/hectare). The program will pay the difference between insured prices and market prices at the end of the contracts which are based on harvest pattern.

The following are the reported rice exports (as is basis):

WEEK ENDING	QUANTITY	4 WK AVG	YEAR TO DATE	YEAR AGO	YEAR TO DATE AS % OF LAST YEAR
	(MT)	(MT)	(TMT)	(TMT)	(%)
May 24	174,201	146,497	2,233	3,539	-36.9
May 31	132,053	143,853	2,365	3,748	-36.9
Jun 7	134,312	144,811	2,500	3,944	-36.6
Jun 8	134,312	144,811	2,500	3,944	-36.6
Jun 14	149,198	147,441	2,649	4,120	-35.7
Jun 21	118,359	133,481	2,767	4,291	-35.5
Jun 28	154,497	139,841	2,925	4,488	-34.8
Jul 5	120,707	136,440	3,045	4,657	-34.6
Jul 12	87,365	120,982	3,133	4,831	-35.2
Jul 19	129,035	123,651	3,262	5,009	-34.9
Jul 26	99,059	109,042	3,361	5,198	-35.3

*Note on data: Export figures since March 22, 2002, do not include fragrant rice. The authority to report fragrant rice exports was moved from the Thai Board of Trade to the Ministry of Commerce's Office of Commodity Standards, which does not release official fragrant rice export data. FAS/BKK will report only official export numbers from the Board of Trade for non-fragrant and from the Office of Commodity Standards for fragrant rice when available, but the reader should bear in mind the difference between the data.*

Unofficial exports (excluding fragrant rice) for Jul. 20-26, 2009 totaled 99,059 tons, down 29,976 ton from the previous week, and down 9,982 tons from the four-week moving average of 109,042 tons. Exports during Jan. 1 – Jul. 26 totaled 3,360,849 tons, as compared with 5,198,030 tons in the previous year.

According to the Department of Foreign Trade, Ministry of Commerce, total rice exports (including fragrant rice) during Jan. 1- Jul. 21, 2009, amounted to 4,862,247 tons, down 26.2 percent from 6,587,870 tons in the previous year.

### **Weekly Rice Sales**

Private registered rice export sales for the period of Jul. 6-10, Jul. 13-17, and Jul. 20-24, 2009 are as follows:

Movement (MT)	Jul. 6-10	Jul. 13-17	Jul. 20-24
Weekly sales	65,968	108,561	98,161
4 week sum	537,074	470,407	439,642
4 week mov. avg.	134,269	117,602	109,911
Total weekly sales	3,573,200	3,681,761	3,779,922

End of Report.